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BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

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What Should We Do for Europe Now?

Moderator, GEORGE V. DENNY, JR.

Speakers

DEAN G. ACHESON

HENRY J. TAYLOR

Interrogators

MAX LERNER

HENRY HAZLITT

(See also page 15)

COMING

—October 21, 1947—

How Can We Keep America's Economy Free and Strong?

Published by THE TOWN HALL, Inc., New York 18, N.Y.



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The account of the meeting reported in this Bulletin was transcribed from recordings made of the actual broadcast and represents the exact content of the meeting as nearly as such mechanism permits. The publishers and printer are not responsible for the statements of the speakers or the points of view presented.

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THE BROADCAST OF OCTOBER 21:

"How Can We Keep America's Economy Free and Strong?"



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Town Meeting

BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

GEORGE V. DENNY, JR., MODERATOR



OCTOBER 14, 1947

VOL. 13, No. 25

What Should We Do for Europe Now?

Announcer:

Welcome, friends, to historic Town Hall in New York City, just a whisper off Times Square on West 43rd St. Have you ever visited Town Hall on one of your trips to New York? As a Town Meeting listener, you will be welcome almost any Tuesday from the first of October until the end of March. You can witness a Town Meeting in person and take part in the question period, if you will give us just a few days' notice.

Town Hall was founded in 1894 as the League for Political Education and operated under this name until 1938 when its work became very well known as Town Hall, the name of its building.

Now, in addition to being the home of America's Town Meeting of the Air, Town Hall is the busiest concert hall in the country. Its educational program of morning lectures and short courses is the model for many similar programs throughout the Nation.

Many people come to New York every winter just to attend these courses and lectures and our Town Hall concerts.

Now, here, to preside over our discussion is our moderator, the president of Town Hall and founder of America's Town Meeting of the Air, Mr. George V. Denny, Jr. Mr. Denny. (*Applause.*)

Moderator Denny:

Good evening, neighbors. My old geology professor used to begin his lectures in geology something like this: "In the study of geology, gentlemen, the first thing we must remember is that we are largely what we are because we are where we are. This goes for rocks as well as folks."

One reason we are having so much difficulty with present-day problems is because we don't know just where we are. Since the turn of the century our environment has been expanding so rapidly, we've scarcely had time to adjust

ourselves to one set of circumstances before, presto, we're in the midst of another.

If we are to understand tonight's problem, we must keep these important facts in mind, for they constitute our present environment. Here they are as we understand them:

In the view of the impact of science on our lives, we live in a world of 2½ billions of neighbors. Politically, these neighbors are still divided up into 67 different so-called sovereign nations. However, the scientific facts of life have brought us so close together that no great nation can isolate itself from any conflict that occurs anywhere in the world.

The United States emerged from the last war as the greatest, the richest, the most powerful, and the most productive nation in the world, but with a national debt of approximately 260 billion dollars.

Another great nation and eight of its allies, last week declared open ideological warfare against us and our way of life. While the so-called Truman Doctrine to check advancing communism was announced by President Truman last March, this ideological warfare was in progress in Europe and Asia before the end of World War II.

Now the immediate battle-ground of this ideological conflict is the continent of Europe, only

recently ravaged by war, and dependent for its economic recovery on imports and outside aid.

Last June in a speech at Harvard University, Secretary Marshall invited the nations of Europe to get together, and assess their own productive capacities, and let us know just what assistance they need from the United States to get a sound, economic basis. This constituted what is known as the Marshall Plan.

Sixteen nations of Western Europe reported a total need, during the next four years, of approximately 22 billions of dollars.

The question we are asking Mr. Acheson and Mr. Taylor tonight is, "What should we do about it?"

Should we lend this money—should it be a gift? Can we afford either?

How do the European nations propose to spend this money—relief or to establish industries that they can support themselves?

Under what conditions, financial or political, should we extend the aid?

Now, Mr. Acheson has been in the State Department since February, 1941, first as Assistant Secretary of State, and in August, 1944, he was made Undersecretary of State until he resigned last July 30—three months ago. During that period he was Acting Secretary of State many months.

Henry J. Taylor, international known economist, author, jour-

ist, and radio commentator, has recently returned from a 5,000-mile tour of Europe by car. He and Mr. Acheson will be questioned first by our interrogators, Max Lerner, chief editorial writer for *PM*, and Henry Hazlitt, business columnist for *Newsweek* magazine.

Before we take the questions from our Town Hall audience, may we hear first from the former Undersecretary of State, Mr. Dean G. Acheson. Mr. Acheson. (*Applause.*)

Mr. Acheson:

Good evening. Tonight's question is our No. 1 problem. To decide it right will take the most sober, hard-headed, and orderly thought, so it's essential that we begin with the fundamentals and do not confuse ourselves by discussing all aspects of the problem at the same time.

The question is whether, in our own interest, we shall continue supplying essential goods to Western Europe or whether we shall stop. I say continue, because since 1941 we have been sending goods to Western Europe in large amounts and in excess of the capacity of that area to pay us in goods, or services, or in gold.

Now the fundamentals of the problem, as I see them, are whether the need for aid exists and will exist for some time; whether the need springs from causes beyond the control of the

European peoples; whether extensive aid from us is necessary; whether it is in our interest to give this aid; and whether we can afford to give it, or, putting the matter another way, whether we can afford not to give it.

These are first questions. Many other important ones will follow—the amount of the aid necessary, the terms and conditions to be attached, the type of aid, what kind of goods, the methods to be employed.

All these questions must await not only the decision of the basic question of whether we shall act or whether we shall not, but the reports of the President's committees and of the Congress' committees. I shall, therefore, not get into these questions.

The 16 countries we are talking about, with western Germany, which we call Western Europe for short, are the homes of 270 million people—industrialists, industrious, industrialized highly skilled people.

Before the war, they enjoyed the highest standard of living outside North America. This rested largely on international trade, because this area lacked some goods. For instance, it produced only three-fourths of its necessary bread grains but it also could produce a surplus of other goods for sale abroad.

About one-half of its necessary imports came from the Western

Hemisphere. This is now increased to two-thirds because the products of Eastern Europe and Southeast Asia, either no longer exist or are no longer available to Western Europe. Then the war came. Its physical destruction was great, but even greater was the exhaustion of resources, plants, raw materials, people.

After the war, Europe still needed the imports in order to live and produce, but it did not have sufficient goods or dollars with which to pay the Western Hemisphere. We have supplied the deficit with gifts and credits.

For a year and a half after V-E Day, the progress of recovery in Europe was remarkable. In Britain, pre-war levels of production were generally attained. France and the low countries reached 85 to 95 per cent of their pre-war production. In fact, actual French production of coal will exceed in 1947 by three million tons the French production in 1938. This recovery was accomplished by people who were living and working on far less food than they had before the war.

In the face of this record, I ask, whether any charge of laziness or inertia may fairly be directed against these countries.

Now this recovery which I have termed remarkable, was set back by three blows which changed the whole picture.

First, there were two European

crop failures in succession. The present crop failure is the worst in the entire history of records in Europe.

Second, prices have risen steeply in the Western Hemisphere, the only market for most of the capital and consumer goods which are needed. A 10 per cent rise in the prices to Europe makes nearly a billion dollars difference in additional cost to Europe.

Thirdly, the winter of 1946-47 was so bitter that the inadequate coal supplies were used up merely to keep warm.

Now the result of these occurrences, entirely beyond the control of these European governments or their peoples, was that Western Europe used up all the dollars it had saved or all the dollars it could borrow to buy wheat, to buy coal, and other essential supplies for its people, and to pay the freight bills.

France and Italy are within a few weeks of the end of their cash. Britain and others have only a little more leeway. Two-thirds of what these countries must import to keep going and to keep producing must come from the Western Hemisphere. There is no other available source of supply. It is coming from here now. It cannot continue unless the dollars are made available.

Now, if it does not continue, two things will happen at once. First, the already short rations

food and fuel in Western Europe will drop below a level which is bearable.

Second, the splendid efforts of the European people to save themselves by their own work and their own production will stop for lack of essential goods which they can't produce. Then hunger, cold, shutdown factories and mines, hopelessness, will sap the strength and the institutions of the free, of the democratic peoples of Europe. Can anyone doubt that their collapse would in turn bring disaster to hundreds of millions in Africa, in Asia, in South America, in North America, whose livelihood depends upon their trade with Western Europe.

The very position, the very security of the United States is involved here because the whole make-up of the world is involved. It is essential to us that Western Europe regain its strength, and that free institutions survive and flourish there. This, in my judgment, is the basis of American interests. This is why we cannot afford not to give the essential aid.

Will granting it weaken our economy? I don't wish to minimize the extent of the effort required of us. The figures now being discussed amount to about 2.5 per cent of our total production for a period of four years. This is large, but it's not impossible and it's not too dangerous for us.

It will require wise selection,

good management, both to get the goods and to prevent injurious results. Final judgment on how much is possible and necessary, and on methods must wait until all the reports are in.

Will our aid be successful in enabling Western Europe to recover? In my judgment it will, if it is not too late or too little. Time is racing by.

The Paris reports of the 16 nations show their full understanding that success lies in their own efforts to produce and to help one another. In a few months, they will evolve constructive plans to do this. They would be the first to admit that these plans are not complete or are not perfect, but a real start has been made on attacking the fundamental problems of European recovery.

These involve great tasks to be achieved in four years, to restore prewar food production in Europe, to raise coal production 30 million tons over prewar, to raise electric-generating capacity two-thirds above prewar, to raise crude oil refining 2½ times above prewar.

The agreement which we make to help them must rest upon the vigorous execution of these plans for European production. It can be done. I believe it will be done. (Applause.)

Moderator Denny:

Thank you, Mr. Acheson. Now, let's hear from a voice familiar to radio listeners everywhere, a jour-

nalist, columnist, author, who has just returned from a tour of Europe with his trusty General Motors car, Mr. Henry J. Taylor. Mr. Taylor. (*Applause.*)

Mr. Taylor:

Fellow members of Town Hall. We're talking about something very big tonight. Very big and very expensive for every man and woman who works in America.

Food, my friends, is only a fraction of what we are scheduled to send to Europe. I hope we save and send food. Whatever glory there may be for other accomplishments in the world, the light of humanity is lit by our country when of its will and sacrifice it supplies food to great numbers of people anywhere who otherwise would be hungry. When it is needed, there is no greater service within the power of any man or any nation.

But as for the other things about which we are not told so much, well, the whole gigantic project leaves me, for one, with a sense of stupefaction. We've been on so many tides like this before.

I come fresh from the impact of Europe—poking around over there in the grassroots, five thousand miles in eight countries. European leaders have been talked into thinking we Americans are on the verge of a great depression unless we send them free about as much goods as we shipped them under lend-lease throughout the war.

It's a preposterous thesis that we must give our goods away to stay prosperous but it sunk in.

My friends, our Government is responsible for that frame of mind abroad. Throughout the world Washington Administrators told European leaders that America faced a great depression immediately after the war. How in earth they could have thought with 142 million Americans here needing everything under the sun I simply do not know. It was a remains one of the most amazing governmental miscalculations record and that's saying a great deal. There have been some who pers. (*Applause.*)

Accordingly, I found complicity abroad about our prospective aid, that they're going to end up getting it anyway and free—sort of "Oh, you Americans know we're not going to pay you. You talk awhile, maybe complain, but in the end you'll deliver. Otherwise, what are you going to do about a depression."

Whatever their needs may be and some are very real—European leaders are, in any case consistently overstating the countries' requirements and underestimating their own ability to pay. I think we have to approach Europe with that understanding. The accepted statistics about Europe are shockingly misleading.

In Paris, a few weeks ago, I saw the representatives of the 16 European

pean governments change their own estimates of their own needs by seven billion dollars. Just knocked off seven billion dollars practically overnight, no longer than it took them to ride over to the American Embassy and back to the Ritz Hotel.

Now that's how reliable and solid their first requests were!

Now when I speak of Europeans, I refer to governments, not the people. The people abroad are not told by their governments what we are doing for them.

Our aid, whenever we give it, is tucked into a tunnel of local politics and received largely in the dark. That's been a persistent blunder in all our aid to Europe. The real trouble in our aid program is that we are fooling ourselves about what happens to our substance and the credit we Americans get for it after it arrives overseas.

Regardless of what we do, the delivery end needs vigorous and intelligent correction and at once, or we should not spend another penny. (*Applause.*)

The incompetence of our whole program is simply appalling. You have to be on the spot to see it and believe it.

With world conditions as dangerous as they are, America cannot afford to be incompetent on such a scale today. The Russians give France a little wheat—much less than promised — and get more

credit for it than we get for two billion dollars' worth of materials we have supplied France since the end of the war. And thus it goes.

So may I suggest two things in reply to tonight's Town Hall question, "What Should We Do For Europe Now?"

1. We should send food. But at no time in postwar Europe, and just returning now again, have I ever seen or has anyone else ever seen, any concerted effort by governments receiving our aid to tell their own people the aid was coming from us. The simple fact is that for their own internal, political purposes they actually hide where this aid is coming from. And we let them get away with that year after year. Our free food should be plastered with the American flag, every package. (*Applause.*) Every box, every bag, every bail should be stenciled with indelible ink so it could not be taken off, "Free from the U.S.A." (*Applause.*)

With a great campaign being put on here to save food to help people abroad, using the White House itself as headquarters for committees, using the radio and newspapers to carry the important message of food conservation to our own people, why shouldn't we see to it that countries receiving this food stage similar campaigns to tell their own people where it

comes from. (*Applause.*) What's the matter with that idea?

The foreign governments control the radio stations abroad. They can advertise in newspapers their people read. The governments abroad should put out spot announcements and whole radio campaigns which wouldn't cost them a nickel saying that the food is being delivered free from America, thanking America, bringing goodwill and support to America which is the thing we're interested in achieving. Yet absolutely no attention is being paid to this here or overseas nor is there any prospect that any will be.

Accordingly we give aid and pay for it without achieving our purpose—a great tragedy. Hungry people getting our wonderful help could and should be reading their governments' full page ads saying "Thank you, America, for this food. Thank you for sending it. Thank you for saving it. You were the friend of the people of this country, the helper, the true helper."

2. When we say that in the third year after the war Europe can still look to us for free pump-priming, that we will underwrite European recovery except in limited classifications, either we do not understand Europe and the problem of sustained prosperity over there, or else we are fooling ourselves in a most dangerous way, like the Europeans themselves are

fooling themselves by working on a five-day week.

If we don't watch out, the new billions will simply be used up abroad and still leave us right back where we started. That's not world aid, that's not restraining communism. That's just making the Kremlin laugh at us for squandering our strength in this way. (*Applause.*) Propaganda rules the roost both at home and abroad.

I submit that such is a grossly unfair way to treat we ordinary working people who have to work each day and earn our living and are the ones who finally pay the bills.

Simply taking one jump into the dark, looking around and taking another, we should not now begin to meet new gigantic requests for abroad to ship free, on the cut, 190 million dollars' worth of coal and coal mining machinery free, 500 million dollars' worth of electrical equipment free, 550 million dollars' worth of oil refineries free, 2,200 million dollars' worth of gasoline and oil free, 400 million dollars' worth of steel plants free, freight cars—which are one of the most serious bottlenecks in our own transportation setup — 450 million dollars' worth of freight cars and railroad equipment free, 1,200 million dollars' worth of steel and iron of which we have an immense home shortage, free.

There is a limit to the number of failures Americans can absorb.

At some point, our statesmen failed or we should not have suffered as we did in the depression.

At another point our statesmen failed or we should have been so strong on land, on sea, and in the air, that there could have been no war.

Now they fail again, if they do not see that the future peace of the world depends on the internal strength of the United States, and if they squander that strength so that we have no strength when the chips are down. (*Applause.*)

Moderator Denny:

Thank you, Mr. Taylor. Now, Mr. Lerner, it's time for you and Mr. Henry Hazlitt to get in your questions for these speakers before we take the questions from the audience. We hear first from Max Lerner, author and chief editorial writer of the newspaper *PM*. (*Applause.*)

Mr. Lerner: I want to say first, Mr. Denny, and I think that all our listeners will agree with me, that Mr. Acheson's calm and reasoned statement of why we simply can't afford not to support the Marshall Plan—why we have to support it—carries conviction. (*Applause.*)

Now, as for Mr. Taylor's remarks, I have listened to his passionate attack on the mistakes of the War Administration, the blunders of propaganda, the swininess of the European leaders, and other things. His adjectives seem

to me somewhat, shall I say, over-colorful, but I think a man has a right to his own adjectives. The real question is, what about his arguments?

Now I know it's a terrible thing to puncture a great dialectical effort with some small pebbles of fact (*applause*), but just for the record, Mr. Taylor, let's bring out some of these pebbles.

Your first argument was that we are being asked for billions and billions of dollars by the European nations for machinery, on the cuff, free. Well, I don't know whether you've read the same version of the Committee of European Economic Cooperation report that I have. Here it is, the official one, and I'm reading from page 54, Mr. Taylor. They say that while agriculture and mining machinery produce immediate results and, therefore, must be regarded not as capital but as current expenses, all other machines, Mr. Taylor, the ones you mentioned, electrical machines, oil refineries, steel, iron, railroads, all of them are not to come free, are not to come on the cuff, but are to be financed as loans through the International Bank and are to be repaid. (*Applause.*) How about it, Mr. Taylor? Now, that's one pebble of fact.

Mr. Denny: Do you want him to comment on that now?

Mr. Lerner: I'd like to get to the second pebble and then we'll

get to the comments. That's one pebble of fact. Here's another.

Mr. Taylor's second argument is that the European nations are ingrates. We ought to require them to tell their people where every bit of our help comes from. Mr. Taylor, haven't you read the Act of Congress that appropriated 350 million dollars for European aid? Don't you recall, as I'm sure Mr. Acheson recalls, that one of the provisions of the Act written in by Congress, was that the European governments shall tell their people where this aid comes from. (*Applause.*)

Now, evidently Mr. Taylor doesn't think that the Europeans are grateful enough. He wants us to be like the rich relation who rubs the poor relation's nose in the dirt to get gratitude out of him. (*Laughter and applause.*) The rich relation who wants the poor relation to say "thank you, uncle," between every mouthful. (*Applause.*) Mr. Taylor, the problem isn't gratitude, the problem is the economic health of Europe; the problem is not gratitude but peace. I'm sorry, but there are your two arguments. They remind me of what Charles Darwin called, "the great tragedy," when a big theory comes into collision with a simple fact. (*Applause.*)

Mr. Denny: Mr. Taylor, please.

Mr. Taylor: Well now, Max, you've thrown quite a few very small pebbles in there, a little bit

like Diogenes, I think (*Laughter.*) Since when are we going to be convinced that this whimsical word called "loan" is the equivalent of payment for machines (*Applause.*) If you are honestly trying to inform the American public about what our condition will be, why do you permit yourself to use, on an exchangeable basis, the word "loan" with "payment," in the light of all the history of the previous transactions (*Applause.*)

Mr. Denny: Mr. Lerner?

Mr. Taylor: Now, just a minute you've got a few more pebbles (*Laughter and applause.*)

Mr. Denny: You fellows insist on using both barrels.

Mr. Taylor: We are only talking, so far, about Europe—Europe a small peninsula. We have still to discuss Asia, and all the rest of these things. Max, if you're right on this global boondoggling you've got to be right all over the world, my friend, not just in Europe. And if you do that what do you think will happen to the American economy?

Mr. Lerner: First of all, on the question of whether this thing is a loan or whether it's free. As I understood Mr. Taylor's original position, he said it was free, off the cuff. I point out, then, that there is a distinction made in the Committee's report itself between two categories—the stuff that they do ask for immediately and the

they ask for as a problem of a deficit which they want us to take on and the stuff that they are asking for as a loan through the International Bank.

I point out something that Mr. Taylor hasn't answered. That all the capital machinery is specifically to come through the International Bank. As to whether it's going to be repaid, that depends upon whether Mr. Acheson is right in saying that these things are intended to put the European economies back on their feet. This isn't a question of just hand-outs. This is a question of enabling these people—who are as good as we are, may I say—to produce and re-pay us. If you think they want to be beggars, Mr. Taylor, you're greatly mistaken. (*Applause.*)

Mr. Taylor: Now, quoting from your own report, the International Bank is allocated three billion dollars in that report for re-payment, so called. Now, you've got to remember that the International Bank is an International Bank only by name. We Americans put up something like 80 per cent of that money, so that's 80 per cent U. S. A., too. (*Applause.*) Whereas this little list, only that list that I tried to present on the air, is of itself, \$5,200,000,000, which is \$2,200,000 more than even though that were all the International Bank was going to supply, even though we are repaid, which we are not going to have happen, and

even though we sent nothing else. Max, it is a hand-out. Be honest. (*Applause.*)

Mr. Denny: Thank you, Mr. Taylor. Now, Mr. Hazlitt. You are a close observer of these questions as a business columnist for the magazine *Newsweek*, and author of a forth-coming book with the provocative title *Will Dollars Save the World?* May we have your question? Mr. Henry Hazlitt. (*Applause.*)

Mr. Hazlitt: Tonight, Mr. Acheson promised us some wonderful results if we would lend some 22 billion dollars to 16 different European nations, over the next four years. We can only judge the future by the past. Is it not fair to ask, what results we actually did get from the three and three quarter billion dollars that we loaned to Great Britain 15 months ago?

The British promised us that they would make sterling convertible. They failed.

They promised not to favor us, but at least not to discriminate against us in foreign trade. Even this promise is now proving irksome.

We were told that the loan would bring us British friendship and good will. Yet since it was made almost nothing from Britain has come except complaints about its allegedly onerous, crippling, and intolerable terms.

A few weeks ago even the dig-

nified London economist declared that while many do not believe with the Communists, "that it is the deliberate intent of American policy to ruin Great Britain, still the evidence can certainly be read that way."

Only a few months ago the British Prime Minister himself appealed to the coal miners to keep England out of the money-lenders' grip. Is this the kind of good will that we got out of the loan?

Finally, we were promised that the loan would bring British recovery. But though Britain will have used up, in a year and a half, the American funds that were supposed to last for five years, its economic crisis is now far more serious than before the loan was made.

American dollars simply could not make up the wastage of a collectivist system which has paralyzed the price mechanism and all its incentives.

So then, in view of this completely disillusioning record of a loan of four billion dollars to a single European country, and that one the most promising, I ask Mr. Acheson what reason he has now to suppose that the record of loans of 20 billion dollars to 16 countries will be any better? *(Applause.)*

Mr. Denny: Thank you, Mr. Hazlitt. Mr. Acheson, will you comment on the question?

Mr. Acheson: Mr. Hazlitt, have promised no wonderful results. I never have. I've undertaken to serve the people of this country with candor and truth. I never undertook, at any time, to promise or deceive anyone. I have asked them to be adults and to face the world before them with sense and courage, and not to talk about it the way we have been talking a good deal this evening.

What have we done with our loans, and our gifts, so far, since the war? That's the question I am asked. We have come very close to saving Europe. If we will use the same courage and same intelligence, we will save it.

This idea that we have thrown this money away is nonsense. We came within a hair's breadth of bringing about recovery in Europe. Acts of God and acts of someone far less than God, who lives in Eastern Europe *(laughter)* have changed that result. It's up to us, either to face this thing or not to face it.

We can save the situation, Europe wants to be saved. They're not a lot of people who are trying to lie down and be ruined. They want help. I ask you to talk about this, not in terms of propaganda or the irrelevancies that have been introduced into this, but in terms of hard-headed American interests. *(Applause.)*

Mr. Hazlitt: Well, Mr. Acheson, I should like to discuss some

the facts of your speech. You said that Europe was making a splendid production effort. Now, today, Britain's coal supply and coal situation is desperate. To increase their coal supply, their whole future depends upon that, and the future of Europe. Now, at this particular time, they choose to turn a 6-day week into a 5-day week in the mines. Now, is this an example of a superb production

effort in your opinion, Mr. Acheson?

Mr. Acheson: The record of British recovery has been put out within the last few days by the British Government. In all major fields of production, with the exception of rayon yarn and coal, British production far exceeds 1938, sometimes three times as much, sometimes twice, sometimes less than that. British coal produc-

THE SPEAKERS' COLUMN

DEAN ACHESON—Born in Connecticut, Dean Acheson has degrees from Yale, Harvard and Wesleyan. He began his Washington career as private secretary to Associate Justice Louis D. Brandeis in 1919, and has served the government in various legal capacities.

He was appointed Assistant Secretary of State on February 1, 1941, and was made Under Secretary of State on August 16, 1945, resigning from this post on June 30, 1947.

On October 7th, Mr. Acheson was appointed by President Truman to the position of civilian member and chairman of the U. S. Section of the Permanent Board on Defense for the United States and Canada.

HENRY J. TAYLOR—Henry J. Taylor, economist and author, is widely known as one of the most famous of America's newspaper correspondents. He is also highly popular as a radio commentator.

Mr. Taylor is the author of many books including: *It Must Be a Long War*, *Why Hitler's Treadmill Economy Fooled the World*, *Time Runs Out, Men in Motion*, and his latest book, *Men in Power*. He is also a contributor to the *Reader's Digest*, *Saturday Evening Post*, and other periodicals.

Henry J. Taylor has been a regular commuter to Europe and an on-the-spot observer of world affairs since 1923. His regular journalistic work has featured interviews with leading figures both at home and abroad.

MAX LERNER—Mr. Lerner is chief editorial writer for *PM* and assistant to its publisher. Born in Minsk, Russia, in 1902, he was brought to this country at the age of 5. He received an A.B.

from Yale in 1923 and then continued to study law there for a year. In 1925 he received his A.M. from Washington University in St. Louis, and in 1927, his Ph.D. from Brookings Graduate School of Economics and Government, in Washington.

Mr. Lerner served as assistant editor of the *Encyclopedia of the Social Sciences* in 1927 and later became managing editor. From 1932 to 1936, he was a member of the social science faculty at Sarah Lawrence College. From 1933 to 1935 he was also chairman of the faculty of the Wellesley Summer Institute, and in 1934, was director of the Consumers' Division of the National Emergency Council. Mr. Lerner has been a lecturer in the department of government of Harvard University and from 1938 to 1943 was professor of political science at Williams College. For two years he was editor of *The Nation*.

HENRY HAZLITT—Mr. Hazlitt, editor and author, was born in Philadelphia on November 28, 1894. He attended the College of the City of New York. From 1913 to 1916, he was a member of the staff of the *Wall Street Journal*. Then for two years, he was on the financial staff of the *New York Evening Post*. For another year, he wrote the monthly financial letter of the Mechanics and Metals National Bank in New York City. Then followed jobs on the *New York Evening Mail*, the *New York Herald*, and *The Sun*. From 1930 to 1933, he was literary editor of *The Nation*. The next year he was editor of the *American Mercury*. In 1934, he went to the *New York Times* and now he is a columnist for *Newsweek*. Mr. Hazlitt is the author of several books, including *Economics in One Lesson*.

tion at the present time is 82 per cent of prewar. Within the week, and to take effect on November 1, the British unions and the British Government have entered into an agreement by which there will be a half day's additional work in the mines.

If Mr. Hazlitt really is fair about this, he will understand that coal mining everywhere in the world is a problem. Is it not a problem in the United States? Have you ever heard of John L. Lewis and the American coal miners?

The British coal miners say and believe that they have had the worst deal of any British labor group, and if they are called upon, as they are called upon, to save Britain by more work, they say, "Review our situation." Does that sound familiar to you? You've heard it before.

Now, let's be fair, and honest, and straightforward about this, and not bring out dialectical points.

Mr. Denny: Thank you, Mr. Acheson. Now while we get ready for our question period, I am sure that you, our listeners, will be interested in the following message.

Announcer: Friends, you are listening to America's most popular radio forum, America's Town Meeting of the Air. We are discussing the question, "What Should We Do for Europe Now?" This is one night you won't want to miss the printed copy of the entire broadcast, including the questions and answers to follow.

You may secure the Town Meeting Bulletin by sending 10 cents to Town Hall, New York 18, New York, to cover cost of printing and mailing. You may secure 12 issues for \$1.00, or 26 issues for \$2.35.

You may be interested to know that the United States Navy is using thousands of these Town Meeting Bulletins each week for the men in that branch of the Armed Service.

At the close of tonight's program, you will probably want to continue the discussion of this exciting and very important question. Why not make it a habit to have your own Town Meeting discussion group in your own home, club, school, or church every Tuesday night? Remember, Tuesday night is Town Meeting night.

Now, for the question period here is Mr. Denny.

QUESTIONS, PLEASE!

Mr. Denny: In order to secure the best possible questions here for tonight's Town Meeting and every Tuesday night's Town Meeting, Town Hall and the publishers of the *Americana Encyclopedia* will present a \$210-set of the *Americana* to the person who, in the opinion of our local committee of judges asks the question considered best for bringing out facts and broadening the scope of the discussion.

Last week our winner was Reverend Leland B. Henry of New York, who asked the question, "Is not active cooperation between religious and racial groups in behalf of justice itself one of the most effective means of combating prejudice?"

Now, let's start tonight's questions with the gentleman way over here on the right.

Man: My question is addressed to Mr. Taylor. Mr. Taylor, if we reduce the tariff barriers which now close our borders to many goods from these countries we are talking about tonight, would this, in your opinion, give these countries an adequate supply of dollars and cost us less?

Mr. Taylor: No, at the present time, I don't believe it would. The great bottleneck in tariff questions, of course, is in Europe itself where you have some 23 tariff walls. An interesting and very im-

portant attack was made on that by Belgium, Holland, and Luxembourg. The success of this undertaking in Belgium and Holland and Luxembourg, which is far more difficult, considering certain tensions which existed between them, than appears on the surface, is one of the encouraging signs for the general movement of Europe putting its own house in order tariff-wise. That's the big bottleneck—not over here.

Mr. Denny: Thank you. The gentleman in the balcony.

Man: This question is directed to Mr. Acheson. Information is vital and propaganda plays a recognized part in this civilization of ours. American advertising, upon which millions of dollars is spent sells soap, why shouldn't it sell American peace? (*Applause.*)

Mr. Denny: Is that a question? The answer is obviously yes, isn't it?

Mr. Acheson: I retire.

Mr. Denny: All right. Let's have another question for Mr. Acheson. The gentleman over here on the aisle.

Man: Who will determine, and what constitutes the criteria for deciding upon a goal beyond which we would no longer be required to continue our aid?

Mr. Acheson: I suppose that the proposal which we have before us now is one of which says "in order

to get producing and be self-supporting by 1951" Europe needs certain goods for which it cannot pay and they ask our help. That is the proposal which we have before us. It does not contain any question about who decides when or where we stop. The point is we are asked to do certain things. Shall we do them or shall we not?

Have I answered your question? It is not very clear to me.

Man: You've given me nothing specific in the way of criteria and that's what I had in mind.

Mr. Acheson: What is specific in the way of criteria is the report. The report says we need so much food, we need so much electrical equipment, we need so much this, that, and the other thing. This much of it will have to come from the U.S.A., this much from the rest of the American Continent, this much from the rest of the world. Now that's what we are asked to consider. You say who will decide how far we go? The Congress of the United States will decide.

Mr. Denny: Mr. Hazlitt has a comment here. Mr. Hazlitt.

Mr. Hazlitt: Well, I'd like to supplement that. Mr. Acheson described this European proposal, this European report of the amount of the production they expected to achieve in four years. Now Great Britain set forth at the beginning of this year a number of targets that it was to achieve

within nine months, and it failed to achieve any of those targets or the main targets.

What reason, then, has Mr. Acheson to suppose, and I think this supplements the gentleman's question, that the 16 European governments are speculating any better, guessing any better, about what they're going to do in the next four years than England was nine months ago. (*Applause.*)

Mr. Denny: Mr. Acheson?

Mr. Acheson: Perhaps I didn't understand the question in the light of that comment. Nobody not even the Lord himself, can tell whether these countries can achieve the targets that they set for themselves, because we don't know whether there are going to be droughts and crop failures as there have been before.

As I tried to say in my opening remarks, any help which we give Europe should be conditioned upon their energetic and vigorous prosecution of the production plans which they set up for themselves. Obviously, if they don't do it, then the Congress would stop the program at once. If they do do it, and run into another bit of bad luck like a crop failure, you obviously would not penalize people who were suffering already. (*Applause.*)

Mr. Denny: Thank you. The gentleman on the aisle.

Man: My question is addressed to Mr. Max Lerner. The Marsha

Plan originally offered to all of Europe, including Russia, in order to save millions of people from starvation and economic ruin. Now my question is this. If communism overthrew the governments of Western Europe as they are desperately trying to do, witness France and Italy, would you advocate dropping the Marshall Plan?

Mr. Lerner: That's one of those hypothetical questions way in the future, insofar as it aims at a real issue. May I say that the whole point of the Marshall Plan at the present time is to prevent the kind of sweeping of the European governments away by communism that the gentleman is talking about. I say that the whole point is that in negative terms. It isn't so much that communism is the enemy that will destroy the world. What it means is that if communism succeeds in Europe, it will be because the efforts of the European democracy plus the American democracy will have failed and that is the point, I think, that we this evening have not sufficiently been stressing. We have had Mr. Hazlitt and Mr. Taylor talking about signing guaranteed checks by the European governments that they will fulfill various things. We can get no guarantees. The point is there is no alternative other than this combined democratic effort. Until we have explored it, we have no chance. (*Applause.*)

Mr. Denny: All right. Mr. Acheson?

Mr. Acheson: I should like to add a comment to make my position perfectly clear on this point. In the talk before we went on the air, this same question was asked and they suggested they ask it of me. I want to give my answer.

I agree with what Mr. Lerner has said. I should like to go further. The answer, in my opinion, is, yes, if communistic governments are set up in Europe, the Marshall Plan is finished. It will be end of it. (*Applause.*) Now, not for ideological reasons, but because it has been made unmistakably clear that governments which fall within this new Comintern are determined to stop the recovery of Western Europe which we are trying to achieve by the Marshall Plan. Therefore, it would be foolish. (*Applause.*)

Mr. Denny: Thank you. All right, the man here.

Man: I should like to direct my question to the Honorable Dean Acheson. As we all hope the Marshall Plan will stave off chaos and the United States and other nations may be able, through this plan, to help Europe regain its stability and guarantee world peace. However, as a businessman, I think this plan should be approached on a businesslike basis and I would like to ask Mr. Acheson what guarantee would we have that any aid we give to Eu-

rope would not be siphoned off by Soviet Russia?

Mr. Acheson: It would be essential in any agreements which we make that any economic relations between countries which we are helping and nonparticipating countries should be of such a nature that they strengthen the countries we are helping and not weaken them. That must be understood at the very start. Those guarantees will have to be written into our agreements.

Mr. Denny: Thank you. Mr. Taylor has a comment.

Mr. Taylor: Under those conditions, why weren't those same guarantees written under the conditions of UNNRA and all the other things we have been doing abroad where we go and send 375 million dollars' worth of food, bandages, and medicine into Yugoslavia, when I was in Italy, right at the time they shot our fliers down.

These people don't understand agreements, in many cases, the way we think of them in America. We are being very reckless in our attitude toward Europe, if we think we can deliver our substance to governments over there of the nature that some—not all—of the governments are, and then relax over here, and expect to either get credit or performance for what we do by remote control. (*Applause.*)

Mr. Denny: Mr. Acheson has another comment.

Mr. Acheson: I should like to comment on what Mr. Taylor has said. Mr. Taylor has been very loose with his facts. (*Applause.*) I had a great deal to do with UNRRA myself. The very same agreements were written into UNRRA agreements with countries that they helped. I know of no situation, which has been authenticated in any way, in which UNRRA supplies were sent out of the country or the country was weakened while UNRRA was helping it. The fact that the Yugoslavs shot our fliers down was contemptible and outrageous but had nothing to do with UNRRA or economic exports. (*Applause.*)

Mr. Denny: Thank you. Mr. Taylor?

Mr. Taylor: Mr. Acheson, you refer to looseness of facts. If my facts are loose, they come from our own Ambassador in Yugoslavia who was your subordinate in the State Department. (*Applause.*) I can only quote Mr. Richard C. Patterson as describing, with great chagrin and sorrow, the by-passing and handling of UNRRA supplies and the using of UNRRA supplies to arm, equip, and feed the Yugoslav Army under Tito, in his official report to you first, and then to the public. That's a loose fact you'll have to blame it on your own Ambassador. (*Applause.*)

Mr. Denny: Now the gentleman on the aisle here.

Man: I address this question to Mr. Hazlitt. I'm trying to understand this question and it occurred to me that in view of what Mr. Acheson said about their being no time limit to the amount of help that can be given to Europe and in view of the fact that many newspapers have reported that this help will have to be given to China and to other countries in Eastern Europe, I should like to know what would be the effect upon the American economic system of this continuous drain of aid. I address Mr. Hazlitt because he's a business editor and he might know the answer.

Mr. Hazlitt: We are already seeing some of those effects in the rising wheat prices and other food prices because the chief impact of the program comes on those prices. Now Mr. Acheson said that the Marshall Plan would only mean about 2.5 per cent of the national income of the United States. In doing that he took a very hypothetical figure of national income and, I suppose, divided 20 billion dollars into it. But of course the impact doesn't come all over the economy. It comes on special things. For example, our record wheat crop today is a billion, four hundred million bushels. What we are discussing sending over to Europe is 400 to 600 million bushel. That's about 30 to 40 per cent—not 2.5 per cent. It's these things

that hinge on specific things that bring dislocations in the economy.

Mr. Denny: Thank you, Mr. Hazlitt. Now, let's have the first summary from Mr. Henry J. Taylor.

Mr. Taylor: Our heart is in the right place about aid to Europe. Our country has given more and asked less than any great people in the history of the world. No one needs to be ashamed of our record in international good will and assistance.

There comes a time, however, after a sufficient number of wars, when even the most virile and best-equipped people with limited national resources and faced with great possible dangers in the future must be prudent in respect to the aid that they give always and to anyone.

I have no patience with the small-minded attitude towards helping this world. I do think, however, that we have already helped the world on a vast, vast scale undreamed of by any other nation in all history (*applause*), and that before we are continually led down the road of looking forward and asked to question whether we have done enough, we should be given more recognition of what we have done so far.

Mr. Denny: Thank you, Mr. Taylor. Now our final summary from Mr. Dean Acheson.

Mr. Acheson: Our discussion

tonight has confirmed the following propositions:

1. In order to become self-supporting and to live in the meantime, Western Europe must get from the outside important goods in very substantial amounts.
2. These goods are now coming from the American continent; they do not exist anywhere else.
3. They cannot continue to move unless for four years we furnish funds.
4. To do this, imposes a real burden upon us and involves some dangers.

5. Not to do it, involves the greater danger to us of the weakening and perhaps, the collapse of democratic and independent nations and of freedom itself in Europe.

All right, what does Mr. Taylor say? Send food. This means doing exactly one-third of the program. It solves nothing. It only delays disaster and doesn't delay it long. It will not make Europe self-supporting. To do that is the essential job before us. It can be done and if we're going to do it, let's do it right. (*Applause.*)

Mr. Denny: Thank you, Dean

Acheson, Henry J. Taylor, Ma Lerner, and Henry Hazlitt for your helpful advice on this urgent question.

Next week your Town Meeting will be presented in co-operation with the annual *New York Herald Tribune* Forum being held next Monday, Tuesday, and Wednesday at the Waldorf-Astoria Hotel. Our subject is "How Can We Keep America's Economy Free and Strong?" The speakers will be Eric Johnston, president of the American Motion Picture Association of America; Benjamin Fairless, president of the United States Steel Corporation; John W. Gibson, assistant secretary of Labor; and Major George L. Bern, president of the International Pressmen and Assistants Union of America.

During my brief absence from the city, I will be very happy to turn over the post to a guest moderator next Tuesday night to our distinguished United States Senator from New York State, the Honorable Irving M. Ives. So plan to be with us next Tuesday at the sound of the Crier's bell. (*Applause.*)